

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Amendments to Claims as per this response.

5 **No amendments.**

Summary of differences between Rosen and our invention.

10

Subject	Rosen	Our Invention	Comments
Structure	<p>Use Modules such as Transaction 4, Teller 5 and Money Generator 6 which are embedded or interfaced with a device such as a PC. A bank network 25 and subnetwork, 16,17,18. (See Fig 2 and 7)</p> <p>Rosen actually taught against using prepaid smartcards See Col 2 line 17 to 24 wherein chip based or magnetic based. Obviously in view of technology, Rosen made no mention of non-technological cards such as found in our invention. There is no evidence to show non-technological cards.</p>	<p>A plastic/paper card with a security code hidden under a scratch-off.</p> <p>A host server.</p> <p>A merchant server. (The merchant server is engaged in a payment transaction by sending verification codes to host and payer)</p> <p>A payer linking by a network to host and merchant.</p>	<p>Could the sophisticated module found in Fig 4,5,6 could inherent show a plastic/paper card ?</p> <p>Our host server is not a banking system and Rosen actually taught his modules for user to use to work without the banking network.</p> <p>Our host server only contains untraceable codes, account identifiers, passwords preserving anonymity. There is no deposit accounts.</p> <p>In contrast, each modules are embedded with traceable codes known as electronic notes 11 and fixed identifiers.</p>
Network	<p>Each Modules are linked with each other for the purposes of making payment/withdrawal/FX to other Transaction 4, Teller 5 (Bank) and Money Generator 6 within the network.</p>	<p>Merchant server link to Host server and payer for payment to merchant only.</p> <p>For payer to payee requires host server and payer only. We do not have payer interacting with payee in the payment process as</p>	<p>Rosen assumes the merchant is a POS with the embedded transaction module 4. Hence all payment is by way of module to module through network 16,17,18 or 25 where both payer and payee need to sign on to establish sessions. This</p>

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

		found in Rosen particularly for sign on process.	means without intermediary.
Account Identifiers	These are fixed by issuer (bank) of device or modules and linked back to deposit accounts or credit notes. (Col 12, lines 29-33)	The users choose their own identifiers hence preserving anonymity as per real money. (Claim 3 now cancelled)	Could one skilled in the art reading identifiers fixed by Issuer inherently see user choosing their own identifiers ?
Electronic Money-Notes 11	User need a deposit account or credit facility with a bank to draw electronic notes 11 generated by teller 5 coupled with money generator 6 to transaction module 4. Electronic notes are embedded with traceable identifiers signed by each payer or bank to user's deposit account. (Col 17, line 4 to line 19)	User to buy a prepaid card with amount already linked to security code in database. Upon linking to account identifier and password, the amount is calculated as stored value in database and security code is useless. Since account identifier is created by user it is anonymous.	Account identifier is to provide simple way to link to stored value in lieu of the security code on prepaid card which is made valueless upon converting to stored value. Card can be discarded. There is no digital certificate or traceable tokens embedded in the 'money' as our funds are recorded in a single database and do not travel from module to module.
Payment Protocol	Payor to establish connection by identifying the local network 16,17,18 destination and this will route to the appropriate money module for establishing a session (Col 18, line 11 to 19)	Given our method is centralised at the host server, the payor need only provide payor's identifier, password and payee's identifier and amount to effect the transfer. No interacting with payee.	There is no communication between modules as we do not use modules. Therefore how could one skilled in the art inherently see a centralised method at host server from one that teach away from using centralised method by applying modules to modules ?
Authentication of electronic money	Check the digital signature of money generator and past payors. "Money" is moved from module to module (Col 11 line 66 to Col 12 line 6)	"money" does not travel/transmit from module to module as we do not have modules to effect the transfer. Our funds or money remains in a central database and we merely credit payee and debit payer's account to reflect the transaction. Therefore there is no requirement for authentication of	"money" stays in database being a credit and debit entry, hence there is no authentication of money.

JUL 14 2004

OFFICIAL

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Intermediary	Rosen taught against the use of an intermediary such as a banking system Col 2, lines 42-45. Also see Col 2, line 34 - 41. As mentioned, Rosen use modules to modules to do this.	money. While we do not use bank system, we use the prepaid service provider system in the form of a host server to effect transaction	The question here is whether the teaching against intermediary would inherently show using a non banking intermediary such as a service provider in view of teaching including against the use of prepaid card instruments ?

5 Our Response to the examiner's rejection as per each claim.

As per Claim 13,17,22

10 This is a 102(b) rejection.

This rejection is respectfully traversed. We have grouped all claims 13,17, 22 as they have the same elements except for different classes where Claim 13 is the representative.

15 The examiner stated evidence from Rosen: Abstract; Background/Summary of the Invention; Fig 3 -10, associated text and Fig 34-36c, 36-36a, 46-46a) We believe the examiner mean 34c (Fig 34-36c) as 36c does not exist.

20 Fig 3-10 refers to Rosen's modules and network embodiments which as we submitted is not found in our invention. No modules are used here as we only apply a command at host server to credit and debit payee and payor respectively. As mentioned, Rosen teach against using an intermediary (Col 2 line 36)

25 Fig 34-34c, 36-36a, 46-46a refer to withdrawal, user to user transfer of funds/FX and protocols. We submit these are not relevant simply because we use a prepaid card for the funds initially and thereupon stored in database and there is no modules in our invention. And obviously a module could not show a database as found in our host server with numerous account identifiers and passwords etc. Similarly the module in Rosen could not inherently show a paper/plastic card. Without able to link a programmable suite such as a
30 module to one of our element, prima facie there is no anticipation since it is the module in Rosen that is being used for all the transactions. Secondly, a module need to link up with

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

another module for (Fig 36) transaction as in Rosen but since there is no module in our invention, there is no link up resulting in no interacting with payee.

5 Rosen disclosed an invention using a money module to make transfer between money modules in lieu of bank accounts. This is evident from Col 2 Ln 42- 49 which is cited by the examiner and reproduced below for clarity :

10 " Thus there is a need for a system that allows common payer to payee economic exchanges without the intermediation of the banking system, and that gives control of the payment process to the individual. Furthermore, a need exists for providing a system of economic exchange that can be used by large organizations for commercial payments of any size, that does not have the limitations of the current EFT systems. "

15 Further from Col 8 Ln 52-62 which is cited by the examiner and reproduced below for clarity :

20 " It should be noted that a subscriber will not be required to maintain a bank account in order to own and use a Transaction money module 4. For instance, a subscriber may obtain a stand-alone computing device that contains a Transaction money module 4 and use the device only in off-line peer to peer transactions with other services containing a Transaction money module 4, such as a merchant's point of sale terminal. Of course, the merchant may then transfer the electronic money to another commercial organization to meet its obligations, or it may deposit the electronic money at its own bank. "

25

Summary

Our claim 13 at pre-amble reveals firstly: money stored in a database at a server and not in any module or stand-alone computing device as found in Rosen. As mentioned Rosen
30 was actually critical of system that ignore deposit money in the bank as a way to back up the economic representation outside of the banking system and the use of prepaid cards (Col 2, lines 17-24). Claim 13 actually requires the money to be represented in a database not found in Rosen unless the module could be said to be a database and even if this is inherent, logically such modules could not possible stores other user's linked funds as
35 found in our claim. There is nothing in Rosen which taught of using a host server to effect the transfer. Apparently the examiner provided evidence that explicitly show execution between modules and not with a host server. Structurally, our database stores all the users details while each module in Rosen is linked to an individual user which are incompatible. In fact Rosen taught of not using a host server as found in Col 1 line 36.
40 Further the evidence shows module to module with payor and payee interacting as in Fig 36. Even if there is a connection to a main intermediary system, this is not for transfer of funds between user to user as found in this claim. The said system is merely to facilitate download and upload for clearing the E-notes 11 between user and bank. It is also not

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

well known to transfer under payer's control as known in Rosen nor in ACH or EFT being relied by the examiner to show fully automated.

5 Modules in Rosen to show our plastic/paper prepaid card or host server or merchant server ?

10 Even if prepaid card is not explicitly claimed in Claim 13, the word " stored funds " would inherently show that such funds are calculated and stored from a prepaid card as read in our specification. Applicant submits that Rosen's modules which is the novelty of his invention is not found at all in our invention. The examiner provided no evidence to show this critical application which serves to operate payment, FX and transfer inherently shows our non-module transactions. Could a module of capable of such complex
15 applications (See Fig 4,5,6) be inherently in a plastic or paper card ? Or alternatively in a host server with a database with identifiers, stored funds and passwords ? Rosen however only teach the transfer is done from module to module and not as in our invention at a host server by payor without interacting with payee. The examiner provided no evidence to support any of the assertions and it is obvious that a paper/plastic card could not
20 transmit funds to each other. And while ACH or EFT could be relied, these fully automated exchange process does not inherently shows under payor's control.

25 Source of funds from Deposit Account rather than from a prepaid card.

We submit Rosen's invention is limited by the fact that the source of the funds which are stored in these modules originates from a bank deposit account or credit line, in short one must have the deposit account or credit line with a bank before able to use the
30 downloaded electronic funds in the modules. The evidence for this is explicitly found in Col 2 Ln 24-28 which alluded the need to use bank deposits as money to be backed up in electronic form. In fact Rosen was critical of systems that do not have this feature of using money derived from a bank deposit account. Obvious, after the electronic money with the bank signature has been downloaded to a module, said can be used without
35 maintaining the bank depositing facility is clear but this does not mean there is no bank account for this purpose at the outset.

40 Since Rosen's module is designed to be used outside of the banking system hence deposit account is made redundant is obvious but it is clear that a banking facility must be used at the outset, particularly when the originating bank's digital signature is needed to create the electronic money. Also note that the last sentence refers the merchant to a bank for depositing which again highlights the need for a deposit account. Therefore, the evidence provided by the examiner Col 8 Ln 52-62 represents partial inaccuracy as they were taken out of context and could not suggest that Rosen's invention could work without any

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

banking-deposit facilities at all. This is clearly in contrast to our claim where the money is represented in a prepaid card and to be activated by associating with a user identifier that it could be stored in the database for transactional purposes. The database serves as a central book-keeper (intermediary) enabling as many users as possible to make transfer without interacting with payee as this is an one way transaction. There is no deposit account at all in our invention. As mentioned, Rosen even taught against the use of an intermediary such as a banking system (Col 2, line 42-45). As our claim here is for user to user using funds stored from prepaid card and not deposit , this would not inherently show our element.

Under Payer's Control as found in our pre-amble is contrary to automating payee's steps as suggested by examiner.

Further, Claim 13 requires the payment transaction to be at payer's control. It is quite clear in Rosen that his module requires the interaction between payer and payee, including Payee's acceptance at steps 832 & 836 in FIG 36A. These are not trivial steps to be dismissed by suggesting automation is taught by Rosen.

Even if this is automated at payee's module, how would the payer be in control when the payee's module is running in automation mode as suggested by the examiner. Can the payer control this automation found in the payee's module ?

The examiner provided evidence from Abstract, Background/Summary. The best illustration can be seen by the method of making transfer in FIG 36 & 36A in particular showing step 810 where A choose to pay and step 812 where B choose to receive. The fact that B is involved throughout the whole process would show that it is not exclusively under payer's control or without interacting with B.

This is evidenced by Rosen at Col 49 Ln 12 onwards and reproduced below for clarity :

"Both Alice and Bob sign on to their respective Transaction money modules 4 using the process Steps 10-42 described above. Through the To Subscriber A 33 application, Alice directs her Transaction money module 4 to make a payment (Steps 806 & 810), while Bob operates his Transaction money module 4 such that the To Subscriber B 33 application will issue an entitlement to receive payment (Steps 808 & 812). "

The examiner asserted that Rosen clearly teaches that his system may be fully automated and provided evidence from Col 4 Line 49-52 to support inherency. For the sake of clarity we have produced the entire section Col 4 Line 32 to 67 below in order to cover every possible suggestions: (Underlined means where the examiner's evidence are shown L 49-52)

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

“ In accordance with these and other objects of the invention, a brief summary of the present invention is presented. Some simplifications and omissions may be made in the following summary, which is intended to highlight and introduce some aspects of the present invention, but not to limit its scope. Detailed descriptions of a preferred
5 exemplary embodiment adequate to allow those of ordinary skill in the art to make and use the inventive concepts will follow in later sections.

According to a broad aspect of the invention, an electronic monetary system provides for transactions utilizing electronic money including electronic currency backed by demand
10 deposits in a bank in lieu of cash transactions, and electronic credit authorizations. The invention comprises a money module for generating the electronic money; a money module for issuing, distributing, and accepting the electronic money; and a money module for accepting, storing, and transferring the electronic money between other accepting money modules and between the accepting money module and the issuing
15 money module.

According to a further aspect of the invention, an electronic monetary system is provided for implementing and maintaining electronic money which includes electronic currency that is interchangeable with conventional money through claims on deposits in a bank and
20 electronic credit authorizations.

The system includes a plurality of issuing banks; a generator module for creating electronic money; teller modules coupled to the generator module, for performing teller transactions and for interfacing with other teller modules, such transactions including the
25 accepting and the distributing of the electronic money; a security system for providing the overall integrity of the electronic monetary system; a clearing and settling process for balancing the electronic money accounts of the separate issuing banks and for clearing the electronic money issued by the issuing banks; and a plurality of transaction modules owned by authorized users, for transferring the electronic money between the transaction
30 modules and between the transaction modules and the teller modules. “

Did Rosen actually teach automation to reveal non interacting with payee as suggested by the examiner ?
35

The reference to **automation** is one used to show the desirability to utilize economic exchange at a lower cost (Col 1, 35 – 40) over the use of paper money and coins as the means of automating individual transactions between institutions for clearing or settlement. Essentially, Rosen is suggesting automation in preference over manual when
40 paper and coins are used instead. “ The extensive use of coins and currency transactions has limited the automation of individual transactions such as purchases, fares..” (Col 1, line 20-25).

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

5 In Col 2, line 1- 5, Rosen explained his problem for transferring funds between the accounts of a merchant and customer within current EFT system and the desirability for an automated transaction system that provides for the transfer of universally accepted economic value outside of the banking system not found in EFT. EFT services are a transfer of payments utilizing electronic checks primarily by large organization (Col 1 line 39 - 46) Automation here is referencing the ease of using these electronic "checks" as a way to make payment. No teaching of automating payment steps are evidenced.

10 In ACH (Col 1 line 46-54), Rosen merely mentioned that such EFT systems requires a banking system to make payments. Again nothing evidencing automating the steps to make payment. Rosen continued in Col 1 line 65 to Col 2 line 5 by adding credit cards, debit cards as being part of the EFT system cannot satisfied the need for universally accepted economic value outside the banking system. In short, Rosen is raising the point that a system that is independent from banking must be found. Nothing here actually
15 teach automating the transfer steps. So far our conclusion is that the word " automated " is merely a reference to a payment system that works like a EFT (ie using electronic checks) but which is independent to a banking network and accepts universal values. This is supported by Rosen's remark in Col 2 line 5 to 16)

20 The word "automated" is further found in Col 2 line 34 "includes not only automated devices that allow subscribers to transfer electronic funds or money .." The word automated device clearly shows the meaning as explained "... allows subscribers to transfer electronic funds or money between them without any intermediating system, but that also encompasses and include an entire banking system for generating the value
25 represented by the electronic money and for clearing and settling the electronic money accounts of the banks and financial institutions involved to maintain a monetary balance within the system. " (Col 2, line 34-41)

30 As noted above, there is no actual teaching in regards to automate steps needed to execute a transfer in a module or how this can be achieved. Rosen's automation is one of devices automated to do transfer funds found within context of automation as used in the EFT system, ie using some electronic check to automate the process in lieu of cash. It is not a direct reference to automating steps needed to transact a fund transfer such as to inherently show without interacting with payee as suggested by the examiner. In short it
35 is doubtful that a reference applying the generality of EFT ("electronic checks") could inherently shows automating the crucial steps to effect a transfer of funds. Electronic checks are the media for the transfer but they are not the steps needed to make such a transfer.

40 Rosen's teaching for fund transfer shows a money module that requires active participation from the payee including signing on whereby the payee is required to provide PIN for authentication, to check sum and amount transferred or to agree with the

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

exchange rate. How could these steps which requires judgement inherently suggest that Rosen taught automation ?

5 Hindsight Analysis.

As mentioned, automation means transaction systems such as found in EFT or ACH rather than in modules (Col 1 Line 39 to 54) which in part relies on value exchanges achieved through a centralized computer. There is no evidence that Rosen's modules could be automated or that Rosen taught automating his modules. The examiner had applied the word "Fully Automated" to mean automating the steps while Rosen's teaching of ACH or EFT wherein automation is relied only shows a transaction system using electronic checks as the means for automation. We submit the proper application of inherency as permitted by MPEP 2131.01 under "Extra Reference or Evidence Can Be Used To Show an Inherent Characteristic of the Thing Taught by the Primary Reference" is not properly applied because the 'thing' in the primary reference is missing. The thing being our "without interacting with payee" which is not anticipated and therefore by applying the inherent characteristics of EFT to show "automation" is erroneous since we did not claimed said system.

In relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art." *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990) (emphasis in original). In this respect the examiner provided no reasoning why the modules could be automated (the missing thing assuming by automation it will show without interacting with payee) which must necessarily flow from the teachings of the applied prior art.

Even if ACH and EFT system could be applied by one skilled in the art, there is no evidence that such system or Rosen's is capable of showing without interacting with payee. The fact that one skilled in the art is capable doing something when there is no teaching, does not mean it inherently shows this thing. The teachings particularly in Fig 36-36A reveal numerous requirement to interact and nothing in Rosen shows automation must necessary show without interacting with payee.

Further even if there is teaching of automation, there is also no suggestion that by automation, it must necessarily shows without interacting with payee as so further suggested by the examiner. Again there is no evidence of this. *W.L. Gore & Assocs., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed.Cir.1983) ("To imbue one of ordinary skill in the art with knowledge of the invention in suit, when no prior art reference or references of record convey or suggest that knowledge, is to fall victim to the insidious effect of a hindsight syndrome wherein that which only the inventor taught is

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

used against its teacher."). Skill in the art does not act as a bridge over gaps in substantive presentation of an obviousness case, but instead supplies the primary guarantee of objectivity in the process. See Ryko Mfg. Co. v. Nu-Star, Inc., 950 F.2d 714, 718, 21 USPQ2d 1053, 1057 (Fed.Cir.1991).

5 In short the evidence does not fairly teach one skilled in the art to practice " under the control of payer and without interacting with payee " reading claim 13 as a whole. For a prior art reference to anticipate a claim, the reference must disclose each and every element of the claim with sufficient clarity to prove its existence in the prior
10 art... Although this disclosure requirement presupposes the knowledge of one skilled in the art of the claimed invention, that presumed knowledge does not grant a license to read into the prior art reference teachings that are not there. (Motorola, Inc V Interdigital Tech Corp., 121 F.3d 1461, 43 USPQ 2d 1481, 1490 (Fed. Cir 1997))

15 Inherency cannot be established by probabilities or possibilities.

The mere fact that a certain thing (without interacting with payee) may result from a given set of circumstances is not sufficient. (In re Oelrich, 666 F.2d 578,581,212 USPQ 323,326 (CCPA 1981) (quoting Hansgig V Kemmer, 102 F.2d 212, 214, 40 USPQ 665,667 (CCPA 1939)) (emphasis added). Thus, inherency permits in limited
20 circumstances, to gap minor but well known features or functions as seen by one skilled in the art. To show inherency, the missing element must be so well known and recognized by one skilled in the art and to rely on inherency to establish the missing features " without interacting with payee " , case law in *Ex parte Levy*, 17 USPQ2d 1461, 1464
25 (Bd. Pat. App. & Inter. 1990) requires the examiner to provide a basis in fact and/or technical to support this. None was demonstrated and neither did the examiner show how this automation is achieved.

The examiner did not explain how Rosen's system may be fully automated and as we
30 mentioned the evidence only show Rosen proposed his system to cover "a money module for generating the electronic money; a money module for issuing, distributing, and accepting the electronic money; and a money module for accepting, storing, and transferring the electronic money between other accepting money modules and between the accepting money module and the issuing money module" but fall short of teaching the
35 automation feature. We respectfully submit that by reading the above 'teaching' one skilled in the art may not inherently read automation. The above show desirable features bearing the mark of his invention BUT reading with Fig 36 covering extensive teaching of interaction, we are doubtful Rosen would now suggest that it could be automated to inherently show "without interacting".

40 It also appears the examiner had included personal knowledge in arriving at this conclusion to connect automation to inherently reveal " without intervention "... As the examiner provided no evidence to reveal how Rosen's invention is capable of being

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Fully-Automated nor provided any reference to support this a Fully Automated must necessarily show "without interaction", we respectfully raise the requirements of 37 CFR 1.104 (d)(2), in part so we can be afforded to the right to rebut.

5

All elements must be present for anticipation to stand.

10 The examiner did not specifically provide evidence to show each one of the elements appearing below so we presume they would be covered under the entire Patent as they must for a prima facie 102(b) assertion.

15 Even if the effect may be similar given a set of circumstances, the fact still shows different elements being applied, in Rosen this is done with modules as suggested by the examiner and in our case; payer controlling the process over a network connected to a database as shown in our steps in claim's body. Rosen's modules that do not exist in our claim must also acknowledge every steps as arranged herein.

20 The standard for anticipation is rigorous requiring that every element of the claimed invention, as arranged in the claim, be disclosed either specifically or inherently by a single prior art reference. *See Minnesota Mining & Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1565 (Fed.Cir.1992); *Scripps*, 927 F.2d at 1576-77; *Lindemann Maschinenfabrik GMBH, v. American Hoist & Derrick Co.*, 730 F.2d 1452, 1458 (Fed.Cir.1984). Every element of the challenged claim need not be expressly
25 delineated in the single prior art reference, but may be inherently disclosed by prior art if "the prior art necessarily functions in accordance with the limitations" of the challenged claim. *King*, 801 F.2d at 1326; *see also Standard Havens Prods., Inc. v. Gencor Indus., Inc.*, 953 F.2d 1360, 1369 (Fed.Cir.1991), *cert. denied*, 506 U.S. 817, 113 S.Ct. 60, 121 L.Ed.2d 28 (1992).

30

We first look at Fig 36 from Rosen where we will examine them for evidence to anticipate our steps. For anticipation to stand, not only each element must be present but also the order of the claims steps must be the same.

35 Our claim 13 is without the benefit of a module and its executable at the host server by first prompting the payer for account identifier and password. Rosen's teaching shows modules in respective subscriber's devices (See Fig 3) rather than hosted centrally which means module to module transfer. In Rosen as in step 10-42 as per Fig 36, Rosen's teaching shows interacting with payee module such as B signs on money module. This
40 parallel step is not found in our claim 13 and it also violates our element where there is no interaction with payee.

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Our claim also includes prompting payer for payee's identifier which is not found in Rosen as presumably this step is replaced by B signing on money module by him/herself, a step that could not be read as under payer's control. As noted in step 190-258 of Fig 36 in Rosen when both parties are sign-on and only then can transfer session be established.

5 This requirement for both payer and payee to sign on is not found in our claim 13 as only the payer is sign on for the payment process hence under payer's control. Therefore, even if the examiner earlier allegation that automation is found, it still could not anticipate our claim as fully automation would still require both modules to sign-on by synchronization rather than having payer attempting all the process steps found in our claim 13. In short,
10 as long as there are two modules as taught in Rosen (regardless whether it is automated or not) interacting then this would violate our claim element of not interacting with the other.

15 This is not the same as our claim where the stored fund is already found in a database on the server. The examiner clearly also relied on the unstated assumption that the difference between pre-stored funds in a database and electronic money stored in a module is insignificant which is misguided as the difference here also reflected the significant structural difference between our claim (using a database) as a whole and Rosen's
20 teaching (using modules).

Rosen has no teaching of identifiers in view of anonymity.

25 There is no teaching of identifiers in Rosen and as per Fig 36 teaching, Rosen merely mention the name of the parties being paid ie Bob and Alice. In our claim, the Payee/Payer has an account identifier wherein linked to money accounts are ascribed in a database whereby the account with the pre-stored funds is stored in a host server
30 (intermediary). More importantly there is a process to establish these account identifiers by users hence preserving the anonymity requirements as in real cash.

In Rosen, the money modules are embedded in respective subscriber's devices (See Fig 3) and are personal to each subscriber allowing only the said subscriber access by login
35 protocol. The actual transfer is done by the transaction module which is a sub component of the money module. These modules are identified by the network destination number and not an user identifier of ones own choosing as per our specification. (see Claim 3 "...otherwise will ask the user to set up an account as an alternative option;"). Note:
40 claim 3 is now cancelled and has been rephrased as Claim 14 as " if there is no account identifier associated with said code then prompt user to enter an user account identifier, password, storage period and currency to be stored "

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Rosen taught the subscriber's module identity 'as a serial number' to be one fixed/linked in the module by issuing bank or module provider and its never changed (Col 12 line 30-33) and as an example, Rosen pointed to applying this serial number in the form of a subnetwork as identifiable by the local network 16,17,18. (Col 18 Lines 11-19). In short, this identifier is not chosen by the user but allocated by the service provider (bank) under its various network protocol similar to IP addresses (60.111.11.1). Given an IP address is usually by assignment by system admin, one skilled in the art of network protocol would not be able to see this identifier could be a name or a number of choice as per our claim. While a domain name server (DNS) could theoretically be installed to map to a domain name, it is not well known to do so for a user to user payment system. And further, it still does not structurally meet our claim where such identifier cum password are stored in a database and not in a module being networked to the system.

15 Rosen's money is a mere representation claimable on deposits Vs Stored Funds

As mentioned in Rosen, its transfer method is only for electronic money (economic representation such as bank notes) being backed by credit or claims on deposits and the real money is settled by way of inter-bank clearing and settling. (Col 4, line 15-19) In our claim 13, the stored funds are credit/debit instantly because they are already stored and are not claims to an external account or credit line. Being a book entry, there is no dependence on the primary clearing method in the banking system. Although the examiner did not explain this point, we are doubtful Rosen's settlement is instantaneous given the need to utilize inter-bank clearing later of claimable deposits as taught. We should also remember 'funds' are transferred physically from one module to another by moving the tokens-electronic notes by Pay/Exchange application 35 (See Col 11 lines 66 to Col 12 lines 5) rather than by book entry as in our claim.

Another issue is that Rosen claim that other "electronic money" by others disclosed in his specification are issued without the backing of equal valued liabilities as the counterpart to their assets. (Col 2, lines 27 - 30). This clearly shows his invention is dependent on "backing" rather than as in ours prepaid funds which are already paid to service provider operating the host server.

Therefore, in conclusion, we submit that the elements " stored funds in database, payer's control, account identifier, instantly crediting and debiting respective account holders in database" have not been meet. In addition, the examiner's assertion that fully automation inherently shows "without interacting with payee" is contrary to the teachings of Rosen and without factual/scientific evidence to show how a single module could make payment without interacting with another as per Rosen to reach our claim under the payer's control. Lastly although not mentioned specifically but read together with our specification as one must as our specification gives meaning to our terms, our stored

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

funds effected through a storage formula (not found in Rosen) are derived from pre-paid cards which are not found in Rosen and in fact Rosen teach against using such system at Col 2 line 18 which means structurally both inventions are significantly different.

5

Accordingly, we respectfully ask the examiner to allow these claims.

As per Claims 15, 19, 24

10

This is a 102(b) rejection.

We respectfully transverse this rejection.

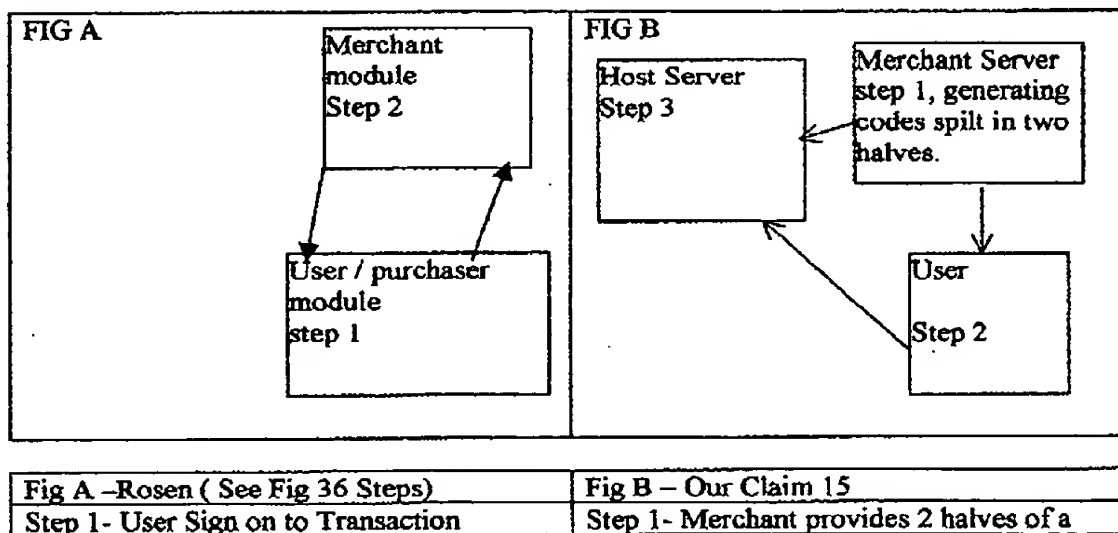
15

We have grouped all claims 15, 19, 24 as they have the same elements except for different classes where Claim 15 is the representative.

20 The examiner stated Rosen: All citations from Claim 13 and Fig 7, associated text; C 10 L 25-C 17 L 25; C 17, L28-C 18, L 67) as evidence to show anticipation.

In view of the evidence the differences between Rosen and our Invention can be shown graphically below citing Table A

25 Table A



Application number: 09/396005**Art Unit:** 3621**Applicant:** Khai Hee Kwan**Examiner:** David Q. Le**Title:** Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Module	dynamic codes to User (x) and Host Server (y).
Step 2- Merchant Sign on to Transaction Module	Step 2- User receives second code (x) from Merchant. Host Server receives first code (y).
Step 3- Establish session	Step 3 – Host ask for User's codes (x) and Security code (z) from card.
Step 4- Payment.	Step 4 – Authentication of x,y,z.

As an initial matter, we disagree with the examiner that substantial evidence supports the finding that Rosen contain all the limitations set forth in claim 15 which is the representative here.

5

Starting from the preamble itself, "convertible prepaid card" and in "any currencies" are not disclosed by Rosen. Rosen did mention "Current EFT systems, credit cards, or debit cards, which are used with an on-line system to transfer money between accounts, such as between the account of a merchant and that of a customer, cannot satisfy the need for an automated transaction system that provides for the transfer of universally accepted economic value outside of the banking system." (Col 1 at line 65 – Col 2 line 4) but this statement merely teach against credit/debit cards or one with convertibility features. While Rosen further mentioned stored value cards (Col 2 Line 16 - line 24) there is still no teaching of one which is convertible and in fact the context in the above lines again reflected negating the use of prepaid cards.

Rosen shows any currencies are asserted by the examiner but on closer reading Rosen actually taught of foreign currency exchange between two users. While this means in any currency, the reasons for doing so are different where our claim refers to paying a merchant including a merchant server, Rosen taught user to user foreign exchange method at Fig 46 of Rosen in line with a normal banking transaction where currency are exchanged but a bank is not a merchant. A bank does not sell goods in different currency and ask the client to convert for this purpose. Also See Col 8 line 15 to line 24, and in part "...may be used to exchange foreign currency or make payment with another transaction money module" However this is a function found in a module whereas our claim is where the convertibility function is done by host server. The words "convertible prepaid card" which is used means the conversion is done by host server and obviously not the card which is a mere paper or plastic without any of the technological embodiments. As we mentioned, it would not be inherent to find Rosen's module in a paper or plastic card.

30

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Referring to the body of the claim, we submit that the steps executable at merchant server below are not met by Rosen. In particular, Rosen uses a merchant point of sale with the embedded transaction money module for off-line transaction.

5 **"generating a first dynamic transaction code to the host server"**

Assuming a merchant server is a point of sale terminal in Rosen embedded with transaction module 4, however, there is nothing to show it generating a first dynamic transaction code to host server. As Rosen mentioned his invention is about module to
10 module without intermediary (host server). Rosen's merchant module waits for payer module to initiate a signon and thereof response. (See Fig 36 of Rosen and Table A above). Even if one considers the 'electronic notes' 11 are dynamic transaction code, this means the merchant server (or module) is sending funds to a buyer when it should be a buyer sending 11 to merchant server. There is no evidence by the examiner to show that
15 the seller module (ie requesting payment) must first send codes to the buyer in whatever form. As we said previously our reverse payment authentication is novel. Obviously as we mentioned there is no host server in Rosen and surely a host server cannot be a bank system which Rosen teaches against.

20 **The evidence by examiner :** "It should be noted that a subscriber will not be required to maintain a bank account in order to own and use a Transaction money module 4. For instance, a subscriber may obtain a stand-alone computing device that contains a Transaction money module 4 and use the device only in off-line peer-to-peer transactions with other devices containing a Transaction money module 4, such as a merchant's point-
25 of-sale terminal. Of course, the merchant may then transfer the electronic money to another commercial organization to meet its obligations, or it may deposit the electronic money at its own bank. " at Col 8, Line 52-62 . (Note there is no other mention of merchant in the entire patent specification except for the above paragraph.)

30 The payment process is similar as described in Fig 36 which does not involved sending of codes or even codes to host server. The evidence here is quite clear and there is no need for us to described the routine in Fig 36-36A.

35 **"generating a second dynamic transaction code to the purchaser"**

Similarly, the transaction module 4 in Rosen could not send a transaction code to purchaser as it requires the payer to initiate the transaction as seen in Fig 36 by signing
40 on.

"at the host server having a database, receiving the first transaction code from merchant server"

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

As mentioned there is no identifiable host server in Rosen and hence this element is not anticipated. The host server could not be the bank's servers as mentioned given that once electronic money are issued or drawn from the deposit, the Rosen's system practically work without linking back to the banking system except for withdrawal and depositing of funds. This is the novelty of Rosen's invention ie a system that works outside of the bank network (EFT System).

“requesting purchaser to provide second transaction code and security code from prepaid card”

(Note examiner wrote payment card instead of prepaid card in page 4 of action letter which is not correct)

A payment card could be any type of cards such as debit, credit which is linked to EFT system as suggested by Rosen, however a prepaid card is not be linked to the banking EFT system, such as telephone card. As there is no host server this element is not meet. Moreover, the purchaser in Rosen has no transaction codes being issued by merchant server (or modules) and certainly no prepaid card to provide the security code. It would not be inherent for a transaction module to generate a security code or first or second transaction code given this code is generated by merchant server.

At col 2 line 17 to 30, Rosen wrote “The more well known techniques include magnetic stripe cards purchased for a given amount and from which a prepaid value can be deducted for specific purposes. Upon exhaustion of the economic value, the cards are thrown away. Other examples include memory cards or so called smart cards which are capable of repetitively storing information representing value that is likewise deducted for specific purposes.

However, these proposed systems suffer from a failure to recognize fully the significance of bank deposits as money, and their necessity to back any form of universally accepted monetary representations that may be issued. In the systems disclosed thus far, representations of economic value, whether electronic or paper, are issued without the backing of equal valued liabilities as the counterpart to their assets.”

It is clear that Rosen taught against using a prepaid card here and as such could not be found in his invention.

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

**“receiving the second transaction code and security code as inputted by purchaser;
“**

5 This elements follows the previous one where the codes are received by the host server. Since there is no host server as per our claim, obviously this element could not be meet by Rosen.

**“authenticating the first transaction code and second transaction code; “
“authenticating the said security code for validity; “**

10 At the host server, this is followed by requesting the second transaction code and security code from the prepaid card which is not found in Rosen.

15 We managed to solve this problem by having one static sets of code (security code) combined with a dynamic code (transaction) to be send at the same time which makes it harder for hackers to extract the security code (known as chaffing) . The examiner provided no evidence to show the step of combining both static and dynamic codes ('second code'). Further, the fact that we require the purchaser to input and send the second code plus prepaid card security code to host server is to ensure that a human is responding to this and not some program testing the codes. This is significant as this function is not one of encryption as suggested by the examiner but one of authentication.

25 Our authentication method includes first combining both codes to form the base code satisfying that the purchase has actually confirmed the order and the order indeed originates from the merchant. For example the base merchant code could be M spilt into codes X and Y hence $M=X+Y$ (as an example) where X is send to the host and Y is send to the purchaser and M is a value known to the host to identify the merchant. There is no teaching in Rosen to show such authentication method.

30 **“upon authentication of the security code, instantly crediting the amount requested for payment to merchant’s account if the balance in said database associated with the security code is more than the requested amount for payment;**

35 **instantly debiting the balance associated with the security code in said database with the said amount paid to merchant’s account;”**

40 The steps of instantly debiting and crediting or double book entry is also not found in Rosen. As mentioned this is a significant step found only for prepaid cards wherein electronic values are already stored in the database at host server (the intermediary). In Rosen, all tokens of electronic notes 11 are stored in the transaction module (in money holder 38) which are only uploaded when linked back to Bank’s network. It is obvious that this is not an instantaneous debit and credit since the bank need to verify the token issued by another bank and accordingly debit and credit using the ACH network. While

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Rosen taught the tokens are moved from one module to another instantaneously, this is not the same as showing debit and crediting, the accounting functions for central record keeping rather than storing of 'electronic money' 11. Each module in Rosen keeps its own record by Tran Log Mgr 36 (Col 12 line 10-30) this is certainly not debit and credit.

Lastly the examiner remarked that Rosen does not recite "**first transaction code and second transaction code are distinct**" and that his teachings about encryption must necessarily inherently means each key or codes are distinct in order to maintain the highest degree of security and safety.

The requirement for anticipation requires the element to be at least inherently found in the prior art. Inherently means the "missing element" is well known to one skilled in the art to be substitutable or must necessarily flow from the prior art. In our case, Rosen did not even teach of transaction codes and while encryption which generally means encoding clear text to machine bits readable by machines is a function to hide the clear text using a suitable algorithm such as MD5 etc. (Note : Rosen taught of one way hash as in Col 14 line 27 to 33). Those skilled in the art would know that they could not be distinct each time if the transaction one and two are the same given the same data input. For example using MD5 with one way hash using "hello world" you will ALWAYS get the output "5eb63bbbe01eeed093cb22bb8f5acdc3".

The problem here is to ask how do you ensure that "hello world" will not be created twice in transaction code 1 and 2 ? In other words there is no technical support to show whereby encryption will ensure at creation each time the transaction code 1 and 2 are distinct. The examiner provided no explanation for this. By stating it is so merely shows his personal judgement is being exercised rather than one skilled in the art. Obviously judicial notice must be provided as well.

The second question is whether one skilled in the art would inherently recognize the notes 11 as transaction codes. Rosen has no teaching of transaction codes nor did the examiner explained how this element is satisfied. For this matter there is no evidence to show any codes such as found in Tran Log application 36 are transaction codes. (Col 12 lines 14-29). For example Rosen taught its electronic notes 11 packaged (Col 12 lines 2-5).

These may be distinct as they embodied representation value and are encrypted. However, there is no teaching to show TWO distinct codes being sent out. Why the need for TWO and why must they be sent by the seller (merchant) instead of the buyer (presumably these are payment notes and not codes). It is well known in the art that payment is done from payer to merchant and not as in our claim, merchant sending codes . These clearly shows the difference between notes 11 (send by buyer) in Rosen and our transaction codes (send by merchant) not appreciated by the examiner.

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

5 The examiner unstated assumption is that because they are encrypted they must necessarily be distinct and hence inherently shows our transaction codes. This is hindsight analysis which is not proper. The examiner should be looking at any codes being transmitted by the modules and reason why they inherently shows our transaction codes whereby used for merchant authentication. It is also clear that Rosen uses encryption which may not necessarily functions like authentication as found in our claim. An element may be inherently disclosed by prior art if "the prior art necessarily functions in accordance with the limitations" of the challenged claim. King, 801 F.2d at 1326; see also Standard Havens Prods., Inc. v. Gencor Indus., Inc., 953 F.2d 1360, 1369
10 (Fed.Cir.1991), cert. denied, 506 U.S. 817, 113 S.Ct. 60, 121 L.Ed.2d 28 (1992).

We respectfully ask the examiner to transverse this rejection as not all elements are found explicitly or inherently to show our claimed invention as a whole in particularly why the elements : host server receiving codes, merchant server issuing transaction codes, prepaid
15 card's security code, transaction codes are not found.

Similarly we respectfully submit that Claims 19 and 24 be allowed based on the reasoning as in Claim 15 as the only differences here is the class type of claims.

20

As per Claims 16, 20, 25

25 This is a 102(b) rejection. The examiner stated Rosen: Fig 36 and 46, associated text as evidence to show anticipation.

This rejection is respectfully traversed. We have grouped all claims 16,20,25 as they have the same elements except for different classes where Claim 16 is the representative.

30

As an initial matter, we disagree with the examiner that substantial evidence supports the finding that Rosen contains all the limitations set forth in claim 16 which is the representative here in particular this is a conditional dependent on the word " IF:" found in preamble which is missing from the examiner's analysis. Please refer to our previous response whereby Claim 16, 25 were amended with the word 'IF' in preamble. Claim 20 has previously amended to include the "IF" in the body of the claim.
35

In short, if there is nothing in Rosen that test whether the currency required is foreign then it does not anticipated. This is not the case where as in Rosen the user wants to exchange foreign currency. This is also not the case as asserted by the examiner where
40 Rosen actually teach making payment as in purchasing in foreign currency. Our claim relates to first detecting if foreign currency payment is required by merchant.

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

The doctrine of inherency is only applicable when the evidence makes "clear that the missing descriptive matter is necessarily present in the thing described in the reference, and it would be so recognized by persons of ordinary skill." (Continental Can Co. USA v. Monsanto Co., 948 F.2d 1264, 1268, 20 USPQ2d 1746, 1749 (Fed. Cir. 1991).

The examiner asserted " It would have been inherent for one ordinary skilled in the art to have included the capability for a payer to approve currency conversion rates prior to agreeing to a transaction, so as to make sure that no dispute would later arise as to the fairness of such conversion operations "

In this instance the examiner asserted the missing descriptive matter "capability to approve currency conversion by payer " would inherently be included and provided a reason for it being to avoid disputes (see page 5 of action letter).

Our contention here is that it is wrong to assume that one skilled in the art would necessarily include something whereby the something missing does not necessarily flow from the prior art. We submit this is the incorrect standard of anticipation under 102(b). "Under the principles of inherency, if the prior art necessarily functions in accordance with, or includes, the claimed limitations, it anticipates." MEHL/Biophile Int'l Corp. v. Milgram, 192 F.3d 1362, 1365, 52 USPQ2d 1303, 1305 (Fed. Cir. 1999). Whether a claim limitation is inherent in a prior art reference is a question of fact. Schreiber, 128 F.3d at 1477, 44 USPQ2d at 1431. As noted, it is whether the prior art includes the missing element and not a proposition that one skilled in the art would include the missing element to reach our claim.

The pertinent point here is that Rosen has no such function to confirm converted amount inherently and if the examiner's suggestion calls for inclusion by one skilled in the art then it is clear evidence it could not anticipate. W.L. Gore & Assocs., Inc. v. Garlock, Inc., 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed. Cir. 1983) ("To imbue one of ordinary skill in the art with knowledge of the invention in suit, when no prior art reference or references of record convey or suggest that knowledge, is to fall victim to the insidious effect of a hindsight syndrome wherein that which only the inventor taught is used against its teacher."). Skill in the art does not act as a bridge over gaps in substantive presentation of an obviousness case, but instead supplies the primary guarantee of objectivity in the process. See Ryko Mfg. Co. v. Nu-Star, Inc., 950 F.2d 714, 718, 21 USPQ2d 1053, 1057 (Fed. Cir. 1991). The fact that one skilled in the art would inherently include the feature is not substantial evidence necessarily flow from the reference. Furthermore, it can only confirm that because one skilled in the art has to modify first (by inclusion) before reaching our claimed invention, anticipation has not been met in the first instance. The examiner shows no evidence for this assertion and therefore the applicant respectfully request for such under in 37 CFR 1.104(d)(2).

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

To rely on inherency to establish the missing features, case law in *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990) requires the examiner to provide a basis in fact and/or technical to support this. The mere fact that a certain thing may result from a given set of circumstances is not sufficient. (In re Oelrich, 666 F.2d 578, 581, 212 USPQ 323, 326 (CCPA 1981) (quoting *Hansgirk V Kemmer*, 102 F.2d 212, 214, 40 USPQ 665, 667 (CCPA 1939)) (emphasis added). The examiner provided no facts or evidence here. Rather, the reasoning is one of desirability. However, desirability is not the standard for anticipation. And even if it is for obviousness, such motivation must be found in *Rosen* which evidently it is not. Anticipation requires the element to exist inherently or explicitly and not by obviousness determination. And the fact that one skilled has to modify only confirms that this element is not anticipated.

Even if this is common sense, it is not well known to include this feature in light of what is known in the art. It is well known in the art for credit cards to be billed later at the rate determined by the credit card company or bank if the amount payable is in a foreign currency. Similarly for a debit card being used to withdraw funds in different currency from international ATMs. In general, we have no evidence of any system in the world even in 2004 that allows user to confirm the applicable exchange rate for payment transaction despite its fairness motivation.

This as we mentioned previously in our past responses is due to the volatility of exchange rate and the nature of the transaction ie a credit card for transaction which is really a credit payment by a bank on behalf of the user and the rate is unknown until settlement ie bank is paying on behalf of the purchaser first and as for a debit card, the amount is only charged upon clearing at a particular time between all the participating banks.

Given this widely accepted practice of not allowing user to confirm or reject and with no noticeable complaints by credit/debit card members, how would it be obvious to show 'fairness' as the reasoning now for prepaid cards as suggested by the examiner? Stated differently, we could only conclude the impermissible hindsight was used. There is nothing in *Rosen* to show 'fairness' at all since both users are taking upon themselves to determine the rate under the bargain theory as per Fig 46.

In Fig 46, while *Rosen* shows both user to user fund transfer and foreign exchange, they are taught within the context of two parties wanting to exchange one currency for another hence establishing the rate of exchange. In contrast, our claim is for a payment to a merchant using a prepaid card where if the said card's currency is not the same as required for payment to the merchant. Say the card is in US dollars and the merchant requires payment in Yen. In *Rosen*, the user has to initiate their respective money modules not prepaid cards or stored value in the database and it is not initiated due to a different currency payment requirement.

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Finally, in particular this claim is only trigger when the payment amount requested is in a currency other than the prepaid card's currency and the steps are taken by the host server and not by the users. (See preamble "... where if said amount payable is in a currency other than said prepaid card's currency...")

5 In short, our claimed steps are in response to the amount payable being in different currency and the steps are at the host server (the structural limitation). In Rosen, it taught user wanting/willing/desiring to exchange currency with another user (Fig 46) using money modules. Given that Rosen did not teach a host server requesting purchaser to
10 convert where the amount is in a different currency, the first step of requesting purchaser to convert the equivalent amount in prepaid card's currency to the requested foreign currency amount if the balance in the database is more than the requested equivalent foreign currency amount for payment " is not met.

15 Further noting that this step also need to check if the converted amount equivalent is greater than balance in database before a request can be issued by host server. In short, this step incorporates two distinct steps first which is to detect if the currency is foreign to the prepaid card and secondly only when the converted amount satisfied the requested payment amount.

20 In Rosen, the steps as shown in Fig 46 shows two users establishing the exchange rate while in our claim step, the host server is requesting purchaser to convert further implying that the exchange rate is already established and this request is triggered by the presence of amount payable in foreign currency and not two users wishing to exchange
25 currencies.

As this is a request by host server, this would not meet the requirement for two users in Rosen which is a module to module transaction.

30 In our claim, once purchaser has agreed the converted amount is credited for merchant account instantly at host server. As one can see there is no interaction with merchant on the rate as shown in Rosen (assuming the merchant inherently shows second user). Our claim here refers to Host interacting with the purchaser and not as in Rosen between the two users wishing to exchange currency. Rosen also taught exchanging currency with
35 bank using teller module attached to bank network. However, as we mentioned, exchanging currency does not inherently shows detecting of the payment is in a different currency to trigger the exchange offering/rate subject to confirmation by payer.

40 In summary, we submit that Rosen could not have meet all the limitations because Fig 46 is primarily designed for Subscriber to Subscriber Foreign Exchange as titled in Fig 46. The teaching taught of interacting with the two subscribers while we claimed purchaser being requested by Host Server. The amount payable is for paying a merchant presumably for a service or product priced in a foreign currency.

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Given the elements dependent from Claim 15 and are found in this claim including the apparent suggestion of including such function which is not necessarily found in Rosen, we submit anticipation under 102(b) has not been made out.

Further as Claim 16 is a dependent of Claim 15, our previous rebuttal is included here by incorporation for the missing elements of prepaid card, instantly credit and debit in database.

As per claim 21

This 102 (b) rejection is respectfully traversed. This claim refers to the elements found in the transaction code and hence dependent on claim 19 which we already submitted as not anticipated given there is no transaction code(s) being one and two as found in Rosen. The examiner in Claim 19 had to use 'encryption' method to show that they are distinct which we already shown to be hindsight analysis. No evidence is provided to show why the receiver (Merchant) must necessarily issued codes in Rosen and even if it could, no reasons to show why 2 codes are send to purchaser and host server each.

The examiner stated Rosen discloses all the limitations of Claim 21 using citations cited previously in Claim 13,15 and 16.

Our transaction codes are used for authenticating the merchant while codes found in Rosen is a mere representation of electronic money 11 used for payment. There is no evidence to show such representation would inherently for authenticating the merchant (payee). The codes applied in Rosen embodies the value from the payer and bank signature to authenticate the issuer-bank/payer and deposit drawn being send from payer to payee while our claimed in 19 is for TWO codes to be send from payee to payer. The actual codes for payment (ie security code) is provided to host server and not to the merchant as in Rosen. An element may be inherently disclosed by prior art if "the prior art necessarily functions in accordance with the limitations" of the challenged claim. King, 801 F.2d at 1326; see also Standard Havens Prods., Inc. v. Gencor Indus., Inc., 953 F.2d 1360, 1369 (Fed.Cir.1991), cert. denied, 506 U.S. 817, 113 S.Ct. 60, 121 L.Ed.2d 28 (1992). The examiner has not adduced any evidence to show that Rosen's codes in the form of Electronic Money 11 must necessarily function in accordance to our claimed limitation " transaction code " without any modification. If transaction code is not found then all elements in claim 21 incorporated in said code is also not anticipated.

We respectfully submit that this claim be allowed.

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

As per claim 29-31

5 This is a 102(b) rejection. We respectfully transverse this rejection.

The claims here recited the "prepaid or stored value" elements which as asserted by the examiner to be shown in Rosen. We submit that this claim is dependent on Claim 13 which we have already submitted not anticipated by Rosen particularly when there is no prepaid cards taught by Rosen. Our rebuttal will use 29 as the representative for 30 and 31.

15 If there is no prepaid card in Rosen could prepaid or stored value exist after activation in a database found in the host as described in Claim 13 ? Rosen taught of using modules where electronic money are stored as tokens 11 in a device issued by banks drawn on the user's deposits accounts. So the question here is whether deposit accounts in banks are prepaid or stored value similarly found in a prepaid card and upon storing and linking to account identifiers becomes a stored value ? That is to say electronic money having dual characteristics, one being represented in a prepaid card (known as floating) and the other as stored value in a database upon storing and linking as described in Claim 14 ? The examiner provided no specific evidence to show which aspect of Rosen's electronic note could be floating or stored (as mentioned our stored version includes detailed calculation to arrive at this value as found in Claim 26-28)

25 As it is well known, deposit claims are actually funds belonging to the user (not bank) while prepaid has the meaning where funds paid to the service provider and hence not refundable. Both are irreconcilable and reflect different accounting treatment applying to different subject matter. One skilled in the art of finance would not be able to see deposits (belonging to user) as now being prepaid to another for services (money paid to service provider). How Rosen can reconcile this is unstated by the examiner.

35 Therefore, we could only submit that this element has not been met. We must respectfully ask claims 29-31 to be allowed based on the reasoning above and in view of what is known in the art, the examiner had failed to consider the significant difference between prepaid or stored value to Rosen's deposit/tokens (without using a prepaid card or existence of a database for stored value) or alternatively implied there is no difference as viewed by the skilled artisan even while Rosen failed to show at the minimum a prepaid card satisfying the prepaid or stored value features.

40

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

As per Claims 14, 18, 23

This is a 103(a) rejection. We respectfully transverse this rejection.

5

We have grouped all claims 14,18,23 as they have the same elements except for different classes where Claim 14 is the representative. As we have provided above, claims 13,17, 22 are allowable and hence the dependent claims should also be allowed. The following response is based on the claims 14,18,23 own merits which the applicant is confident of being non-obvious over Rosen.

10

Turning to the respective elements, the applicant disagrees that Rosen shows the following elements;

15

“a step of storing and linking prepaid card amount to a user account identifier in the host server over a network comprising:”

20

25

Firstly, Rosen did not teach of using a prepaid card and instead apply the use of claimable deposits from a bank which is downloaded to device for later transfer/payment. Account identifier if it exists could only be found in the device being assigned a network number which is not the same whereby our invention is for user to link money in a prepaid to their account identifier of their choice (See our previously cancelled claim 3 detailing the user has the option to choose their own). Rosen taught the subscriber's account identifier ('as a serial number') to be one fixed in the module by issuing bank or module provider and its never changed (Col 12 line 30-33) and as an example, Rosen pointed to applying this serial number in the form of a subnetwork as identifiable by the local network 16,17,18. (Col 18 Lines 11-19). In short, this identifier is not chosen by the user but allocated by the service provider (bank) under its various network protocol similar to IP addresses (60.111.11.1).

30

“prompting user to enter security code associated with the prepaid card”

35

40

Given our steps requires user to enter security code from prepaid card, Rosen fails to show both element for prepaid card/security code and the fact that this is done by user. Rosen did not show user doing this step as mentioned previously. It is also unlikely that the Module in Rosen could inherently show a prepaid card. For instance the modules are said to be implemented programmatically or by direct electrical connection etc. Our prepaid card is a simple paper or plastic with at least a hidden security code in text without any known circuitry. Our card could not be slotted into any device or has electronic connections etc as found in Rosen (Col 10 line 6-24).

“receiving security code”

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

"determining if the security code is valid"

Obviously both the elements here would been met by Rosen given there is no prepaid card or associated security code.

5

"Determining if any identifier account is associated with the security code;"

Even if identifier account exists in some form as found in Rosen embedded in a device (unlike ours claim found in a database at host server) , one could not find security code as prepaid card was never taught in Rosen. As mentioned, previously Rosen actually teach the weakness of prepaid card to allude his novelty in using deposits in lieu.

10

"If there is no account identifier associated with said code then prompt user to enter a unique user account identifier, password, storage period and currency to be stored;"

15

"Determining said user account identifier and password for uniqueness against other stored user account identifiers and passwords;"

20

As mentioned, the account identifier is provided by user and not as in Rosen assigned by the bank. Similarly there is no password, storage period and currency. Rosen's claimable deposits are downloaded as an electronic token signed by each bank and even if there is a storage period this would be determined by the bank and not the user, similarly the user would not be asked for currency to be stored as nothing in Rosen could be found to provide for this service and even if such service is known, it is not well known to do so with a prepaid card.

25

"Calculating the stored value;"

30

"Output stored value to user;"

Our invention incorporates a unique way to store value drawn from a prepaid card as detailed in Claim 26. Nothing in Rosen specifically deals with this and the examiner provided no explanation to show how this is obvious and/or anticipated. Even in an obviousness rejection, all elements must be shown to exists.

35

The stored value may be different from that in the original card at activation depending on the currency and storage period. As shown in Stimson previously, the teaching is one of storing the exact value on activation (Col 5 line 67) there is no calculating stored value and output calculated value.

40

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Our step here means the activation or original amount initially stored in the local currency can be stored in accordance to the required period and currency by consent which is not known in the art. While it is well known in the art that prepaid services card comes with a pre-determined period of usage, this factor however is set at the factory and not by user as per our limitation.

Similarly, even if it would be obvious to have different currencies to be stored given the internationalism of trade, the applicant submits that it is not well known to do so in a system that links the amount to an account identifier via a prepaid card, the subject matter as a whole which is not obvious. Neither is it obvious for user to set their own period of storage contrary to existing art whereby set by service provider. For example with "value stored", the credit card has a limit set (exp date) by the provider (bank) and similarly with debit cards or prepaid cards the amounts are determined by the user fixed at the time of deposit or purchase with prepaid card. Even if it is possible to do so with hindsight, this implicitly means the service provider recognized this need for user to adjust their stored value but given no evidence or facts or motivation from Rosen or others to support this, this obviousness rejection would not be sustainable.

"if said user account identifier, password combination is unique and stored value is acceptable to user then add said account identifier and password into database linked with the stored value amount; and"

"if said user account identifier, password combination is not unique and stored value is acceptable to user then linked the stored value amount to said existing user account identifier and password in the database."

Similarly the above steps are not found in Rosen given each element: account identifier, password combination are of user own choosing so to enable the linking process to complete.

"whereby upon completion of storing and linking said prepaid card is valueless."

This obviously is not met by Rosen and others given their teachings is either to avoid using prepaid card or to use one where it is rechargeable as in Stimson previously. Stimson taught using the prepaid card as the only means to make payment after activation and this would not be obvious to our need to use account identifier once the floating amount is stored. (See our specification Page 10, lines 1-5). Once the amount is stored or linked to account identifier, the pre-paid card in our claimed invention is no longer used unlike Stimson's teaching of using prepaid card for all purposes after activation (ie the reason for rechargeable). In fact the card is the key with the PIN stored within. To discard the card would mean actually losing the money stored in database. Further as the examiner had never identified the element in Rosen inherently to show our prepaid card, this by itself would fail to meet our claim. Even if the transaction module in Rosen is our prepaid

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

card, it could not be valueless upon completion of storing and linking. Rosen depended on the module to make transaction and if it is valueless then Rosen's invention is not workable.

- 5 In summary, while Rosen taught of device to device identifiers stored in money modules, there is no teaching of user able to link stored funds from prepaid cards to the modules or how this could be achieved. Rosen only teach of electronic token representation 11 having claims from deposits or credit stored in the module. No calculation of stored value is known which the examiner admitted at page 7 for claims 26-28 by referencing the
10 stored value formula. In short if no formula can be found, then it is equal to admitting no step in calculating the stored value in Claim 14,18, 23 since the calculating step requires the formula. The merit of the formulation will be discussed later.

15 The motivation/ reasons factors to sustain a 103(a).

The examiner said that Rosen did not recite " if said user account identifier, password combination is not unique and stored value is acceptable to user then link the stored
20 value amount to said existing user account identifier and password in the database; and (herein step 1)

whereby upon completion of storing and linking said prepaid card is valueless. " (herein step 2)

25 The examiner reasoned whereby the completion of storing and linking, the prepaid card is valueless being " it would serve to thwart any possible fraudulent use of an existing user's account upon the pretext of adding more stored value to it and activating a new prepaid card." And therefore this is an obvious step inherent in a system based on Rosen.

30 Secondly, the examiner cited that "...in order to provide a stronger protection element to the debit/stored value card system: the card user will be assured that only once properly activated by him/herself, will the account associated with the card be accessible for transactions. "

35 We submit implicitly that the said unstated differences between Rosen's modules and our prepaid card was not appreciated by the examiner because no evidence was presented inherently or explicitly to reason the differences on record. This is the third Graham factor: the difference between the prior art and the claims at issue, as viewed from the
40 vantage point of one of ordinary skill in the art must be considered first and failure to do so would implicitly mean the graham factors were not applied consistently. A claimed invention is unpatentable as obvious "if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains." 35 U.S.C. § 103(a) (1994); see Dembiczak, 175 F.3d at 998, 50 USPQ2d at 1616.

- 5 The money modules used by Rosen could not be obvious to a prepaid card as described in our specification. Rosen uses his modules for all purposes from login, money in-out and payment. How could a paper/plastic based prepaid card with a text security code accomplished this? How could one skilled in the art see in a sophisticated money module as described by Rosen to reveal a simple plastic inscribed with a security code?

- 10 And if Rosen's module does not inherently show our prepaid card then this element for prepaid card could not be met and since this starting element is missing then stored value, calculation, password/identifier etc could not be met. Rosen has no teaching of applying a prepaid card for linking and storing its funds to an account identifier/password and as mentioned its 'funds' are drawn from claimable deposits which is not found in our claim here.

Valueless

- 20 By suggesting that it would serve to thwart possible fraudulent use of an existing user's account as the motivation is too general and broad or conclusory. The question is whether there is any evidence in Rosen to show it is desirable to make the prepaid card valueless in an effort to thwart fraud. And if there is no prepaid card in Rosen (as we asserted) could its modules suggest to one skilled in the art that it should be made valueless upon
- 25 storing the funds or alternatively to make the deposit account valueless? Even when obviousness is based on a single prior art reference, there must be a showing of a suggestion or motivation to modify the teachings of that reference. See B.F. Goodrich Co. v. Aircraft Breaking Sys. Corp., 72 F.3d 1577, 1582, 37 USPQ2d 1314, 1318 (Fed. Cir. 1996).

- 30 The examiner provided no evidence where or how or which element from Rosen could be made valueless. So we are uncertain how the motivation for thwarting illegal usage could be found given as we already know none of Rosen's elements i.e. modules, deposit accounts could be made valueless simply for the sake of thwarting illegal usage.

- 35 If we apply this to Rosen, this means at each download to user's transaction module, the deposit account would have to be valueless at the end to reach our claim. This is impractical unlike a prepaid card (missing element in Rosen) as it means the user has to close the deposit account after each download and hence undesirable. If it is undesirable
- 40 then there is no motivation regardless of thwarting fraud.

The point here is that a deposit account could not inherently show our prepaid card nor can a module show a prepaid card, this difference not appreciated by the examiner in

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

addition to their anonymity factor. The fact is that a deposit account is not a prepaid card which can be bought easily and conveniently for this invention purposes. Therefore rendering it valueless at the end will be desirable while the same cannot be said of Rosen's application of deposit account or modules.

5 If the modules are alternatively suggested to meet our prepaid card then could they be valueless at the completion of the linking and storing? This also does not make sense given Rosen's entire teaching is dependent on the modules to store electronic funds for transaction after downloading the token money? We respectfully submit that the
10 evidences do not support step 1 and 2 to be inherently found in a system based on Rosen.

Stronger Protection.

15 In short, Rosen's module (namely modules 4,5,6 in Fig 2) is already configured to creating, storing and transferring electronic notes (col 8 line 1-10) rather than linking stored value in a database to account identifier/password. The withdrawal process as it is known in Rosen is not similar or inherently shows our claim (Col 9, line 19-24) and requires interacting with the teller money module 5 (bank) by transferring the electronic notes, not found in our claim by applying a prepaid card. As mentioned previously these
20 modules come with identifiers that are not changeable (Col 12, line 29-33) whereas our claim is for identifier of user own choosing. The question here is why would one skilled in the art consider modifying a sophisticated process where money tokens are signed and verified by a certificate authority for download to a module to one simply using an account identifier & password? The examiner would need to show that our account
25 identifier cum password would be more secure than modules.

For a 103(a) rejection, the suggestion must be found in the prior art. See *Kolmes v. World Fibers Corp.*, 107 F.3d 1534, 1541, 41 USPQ2d 1829, 1833 (Fed. Cir. 1997) (Invention was not obvious where there was no suggestion or motivation to modify teaching of
30 reference.)

Rosen actually uses a proxy account identifier which may be "serial number" and is never changed (Col 12 line 33) embodied in the money module and not as per our claim in the server created by user of own choosing. However, Rosen also use digital
35 certificates and encryption in modules on presentation or transaction. Surely these are more secure than using account identifier cum passwords. In fact, no evidence were shown by the examiner to allude how Rosen's module could have weaker security as compare to a simple plastic with scratch-off security code or database being protected by user identifier of their own choice and passwords. Rosen even go as far as teaching
40 preventing the module owner from certain access (col 11, lines 5-10) whereas in our invention the owner has the full authority linked to the account identifier and password. Obviously anyone upon picking up a prepaid card could scratch off the back to reveal the security code.

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

It is also debatable by substituting the prepaid card's security code for a linked account identifier cum password in a database would be more secure to Rosen's secured packed module embodied in both hardware and software. Therefore it is difficult to understand how would one skilled in the art find it desirable to adapt a lower standard while being motivated by the need for higher security as suggested by the examiner. There is no reason shown by the examiner that the modules method taught by Rosen is incapable of being accessible for transactions and hence obvious to associate it with a identifier and password to do so.

The examiner did not suggest any reasons from Rosen to show obviousness despite stating that it would be obvious to do so in a system Rosen and (Page 7 of action letter) citing only that it provides stronger protection and with the account associated with the card be accessible for transaction.

However, this is not found in Rosen and there is no evidence for a motivation in 'stronger' security. Therefore we have to call for evidence under 37 CFR 1.104(d)(2) to show this same proposition. See also Zurko, 258 F.3d at 1386, 59 USPQ2d at 1697 ("[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding.

To rely on stronger protection as the motivation to one skilled in the art, the examiner would need to show that our method is well known as the desirable 'stronger' alternative based on account identifier linked to stored value in a database as compared to modules using certificates issued by Certification Agency 28 coupled with encryption for data-transmission and identifier set by service provider. Neither is articulated which is not the standard to show obviousness.

If the motivation is one of security then why use account identifiers and passwords ? This is the weakest of all the security requirements as compared to encryption keys, certificates etc. Rosen already taught of using PIN, finger-print reader, voiceprint analyser, biometrics (Col 11, line 15-20), answer/question challenge (Col 11, line 21-29) which are well known in the art to provide 'stronger' security for transactions between modules. This means such knowledge is well known. Rosen's method is simply to transfer the tokens directly from teller module to transaction module upon authentication, which is not found in our invention which uses an intermediary such as a host server.

Our method is to easily linked the funds from a prepaid card so to enable the user to make transfer or payment easily without having to remember the security code from the prepaid card, hence the cards are valueless once stored and linked. The same cannot be said of

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Rosen given that the modules are retained for transactions. Neither is it taught in Stimson which suggested the use of the security code from the prepaid card by advocating recharging it.

- 5 Therefore, the issue to support our claim is based creating/linking account identifiers is and how money is eventually stored is and transfer rather than one of greater security which is the difference as a whole not appreciated by the examiner's analysis.

- 10 Therefore, our conclusion is stronger protection could not be possibly be the motivation found in Rosen as there is no evidence that its protection is weak as known in the art. There is also no evidence to show our identifier cum password is well known in the art to provide stronger protection over what is known in Rosen. Furthermore there is no evidence to show our activation method and in particular storing of funds using a storage formula (missing from Rosen) in a database actually provides stronger protection. The
15 examiner had used impermissible hindsight and we submit that the claims 14, 18, 23 are patentable over Rosen.

We respectfully submit that these claims be allowed.

20

Claims 26-28

This is a 103(a) rejection. We respectfully transverse this rejection.

25

Claim 26 is dependent on Claim 14 while Claims 27 and 28 are dependent on 26 and the difference only being the class. Therefore, we will use Claim 26 as the representative here. As we mentioned Claim 26 is dependent on 14 and hence incorporates all its limitation which we have submitted to be patentable. Claim 14 is dependent on Claim 13.

30

Claim 26 details calculation of stored value.

35

Referring now to Claim 26's on its own merit, the examiner asserted using personal knowledge that it is well known in the art that fees and/or cost for services vary on many factors etc.

40

For convenience, we have restated the examiner's rejection in quotation "However it is well known in the art that fees and/or costs for financial services rendered by institutions to clients vary from institution to institution and also from client to client within each institution, depending on many factors, including the size of the institution, its business goals, the desirability and loyalty of the client to the institution, etc. A conversion rate would follow the same principles and would inherently be different from institution to another, and maybe for one client versus another within an institution. Therefore it would

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

have been obvious to one ordinarily skilled in the art to use a conversion formula structured as recited in these claims in order to reward clients for loyalty, amount of past business, and other positive factors and provide them incentives for continued patronage of each such institution."

5

We respectfully disagree since the examiner not only did not provide any evidence but stop in identifying these factors or alternatively how these factors assumed our formulation method. While these individual elements are old in the art, it may not be well known to express it as taught by our specification for storing funds linked to an account identifier (reading the claim as a whole which details a formula including multiplication factor and not merely the elements in the formula) as reiterated in part below.

10

Stored value = $B * D * L * C * R$

15

Furthermore, while it is well known that institution charges a fee, it is not well known to do so via a conversion formula. The examiner without stating any evidence, continued by stating that "A conversion rate would follow the same principles" which appears to be from personal knowledge. There is no evidence to show that it would follow the same principles and therefore we have to call for evidence under 37 CFR 1.104(d)(2) to show this same proposition. See also Zurko, 258 F.3d at 1386, 59 USPQ2d at 1697 ("[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding.

20

25

The issue here is not simply because institution practices some form of fee calculation based on certain parameters as suggested by the examiner and fee "would follow" a conversion rate hence render our claim elements to be obvious. What is the motivation to do so in terms of a stored value when the prior art in Rosen has no such feature. There are many other ways to charge a fee as a percentage to payment amount in debit cards or by charging interest in credit cards. In foreign exchange transaction, the bank charged a handling fee and a percentage for small amounts. However none of them relate to prepaid services from a prepaid card. There is no evidence that a stored value formulation by way of a conversion has ever been used to include a fee determination. Hence the appropriate question is why would one skilled in the art combine a stored value formulation to include a fee/reward structure. The motivation must clearly be articulated from Rosen which inherently reveals neither. None of the elements individually are found in Rosen such as the face value of the prepaid card, the storage period, loyalty, flexibility of currency and cost of money. As mentioned Rosen has no prepaid card and uses a deposit account to download into a module without any reference to a conversion rate or one embedded with a fee. Loyalty which is common in many marketing schemes (in credit card, debit card or ATM card) are however not found in a stored funds derived from a

30

35

40

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

prepaid card nor is it common for loyalty to be expressed as conversion rate to store funds. As we mentioned this difference between a prepaid card and others (bank related) was not appreciated by the examiner. In fact, it is also pertinent to mention that each element is related to each other by multiplication which is not obvious. This "multiplication" relationship between said elements was not mentioned by the examiner and is clear not appreciated by the examiner. Even in an obviousness determination all the elements including a mathematical operator must be found inherently in the prior art, particularly when without this, the whole formula would fail. A mere conversion factor may not have this operator.

Then it is clear that the examiner has defined the problem in terms of its solution. In short, the examiner saw the solution to be 'similar' by identifying the elements and made that as a basis to find similar process and to conclude that it follow the principle. Orthopedic Equip. Co. v. United States, 702 F.2d 1005, 1012, 217 USPQ 193, 199 (Fed. Cir. 1983) ("It is wrong to use the patent in suit as a guide through the maze of prior art references, combining the right references in the right way so as to achieve [a desired result].").

Furthermore, this "would follow" qualification is not the proper standard of obviousness as it implies some possibilities which might or might not follow to our claim. There is no scientific fact or business rule to show this qualification or authority. The test of obviousness is not one of probability or possibilities but one of evidence and facts to prevent falling into the trap of hindsight. The standard of review applied to findings of fact is the "substantial evidence" standard under the Administrative Procedure Act (APA). See In re Gartside, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000).

Our formulation is targeted for calculating stored amount value for prepaid cards being linked to an account identifier to enable a user to user fund transfer without interacting with payee. Although fees is well known in finance art, it is not well known for a conversion rate that stores funds from a prepaid card linked to a combination of password and account identifier in view of the claim as a whole. In fact, Rosen assume that money stored should be equivalent to paper money derived from deposit as used. See Col 8 line 36-39 "Naturally, it is anticipated that paper money may also be exchanged for equal valued electronic money." This is yet the clearest evidence that even if there is a fee, it is not done through a conversion rate.

As noted by the court in In re Ahlert, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the notice of facts beyond the record which may be taken by the examiner must be "capable of such instant and unquestionable demonstration as to defy dispute" (citing In re Knapp Monarch Co., 296 F.2d 230, 132 USPQ 6 (CCPA 1961)). In short, one skilled in the art must be able to identify the characterization of the formula described in our specification instantly as obvious from knowing fee structure in a financial institution

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

which we beg is not the case here because storing of funds derived from a prepaid card with an embedded fee/reward structured by applying a conversion rate is not known.

Moving to the next issue of motivation or teaching required for an obviousness rejection.

- 5 None was articulated in particular why would the skilled artisan in the financial services fee with knowledge of fee formulation, would be motivated to provide a 'conversion rate' to store funds and/or reward/charge accordingly from prepaid cards customers ?

- 10 This factual question of motivation is material to patentability, and could not be resolved on subjective belief and unknown authority. It is improper, in determining whether a person of ordinary skill would have been led to this, simply to "[use] that which the inventor taught against its teacher." W.L. Gore v. Garlock, Inc., 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed. Cir. 1983). As we mentioned this motivation was not found from Rosen. While it is well known to include a fee structure for a transaction in the
- 15 finance art, such fee is usually based on transactions covered and not storage of funds. Our fee is based on storage requirement without referencing a 'transaction' as yet. In fact the customer need not store this amount and therefore need not incur a fee provided he use the prepaid card's security code for transaction.

- 20 In conclusion "conversion rate" as described in our claimed invention within the context of linking said "converted amount" to a user identifier enabling user to user fund transfer originating from a prepaid card as per claim 14 and 13, is unknown in the art, viewing the claim as a whole would not be obvious.

- 25 Based on the two legs of our rejection 1) unsupported personal assertion and 2) lack of evidence of teachings or demonstrable motivation, we respectfully call the examiner to allow claim 26-28.

Application number: 09/396005

Art Unit: 3621

Applicant: Khai Hee Kwan

Examiner: David Q. Le

Title: Method, apparatus and program to make payment in any currencies through a communication network system using prepaid cards

Declaration 37 CFR 1.132

5

10 I hereby declare that all statements made herein of my own knowledge are true and that
all statements made on information and belief are believed to be true; and further that
these statements were made with the knowledge that willful false statements and the like
so made are punishable by fine or imprisonment, or both, under section 1001 of Title 18
15 of the United States Code, and that such willful false statements may jeopardize the
validity of any application, any patent issuing thereon, or any patent to which this verified
statement is directed.

20

25

Khai Hee KWAN

30

315 Avoca St
Randwick NSW 2031
Australia

35

14 July 2004